

Greater Sunrise Gas Field: Economic and Regional Impact for Timor-Leste

ASEAN Briefing January 23, 2025 Written by Ayman Falak Medina

The Greater Sunrise Gas Field: A Catalyst for Timor-Leste's Future

The Greater Sunrise gas field, located in the Timor Sea approximately 450 kilometers northwest of Darwin, Australia, and 150 kilometers south of Timor-Leste, represents one of the region's most significant untapped natural resource reserves. Comprising the Sunrise and Troubadour fields, this project holds immense economic potential, particularly for Timor-Leste, a nation striving to diversify its economy and achieve greater self-sufficiency. However, the development of Greater Sunrise has faced prolonged delays due to maritime boundary disputes and differing economic interests between Timor-Leste and Australia.

In recent years, the 2018 maritime treaty between the two nations brought renewed hope for progress, but it is the recent push toward a 2024 agreement that signals real progress. President José Ramos-Horta announced that the agreement is expected to be finalized by November 2024. This landmark deal addresses key issues, including the distribution of

revenues, the location for gas processing, and mechanisms to ensure that both nations benefit equitably from the project. The agreement also emphasizes Timor-Leste's demand to process gas on its territory to maximize economic benefits, although this remains a contentious point with Australia.

Ownership and resource potential

The Greater Sunrise gas field is operated by Woodside Energy, which holds a 33.44% stake. Timor GAP, Timor-Leste's national oil company, owns a majority 56.56 percent share, while Osaka Gas controls the remaining 10 percent. The field boasts an estimated 5.1 trillion cubic feet (Tcf) of dry gas and 226 million barrels of condensate, positioning it as a vital economic asset for both nations. The project is valued at approximately US\$50-75 billion, underscoring its significance as one of the most valuable natural resource ventures in the region.

First discovered in 1974, the development has been hindered by political and logistical challenges, though recent progress suggests the project could begin soon. For Timor-Leste, the field offers a transformative opportunity to reduce its dependence on existing oil revenues, which have historically underpinned its economy. Successful exploitation could generate sustainable income streams and bolster the country's economic sovereignty.

The 2024 agreement: Paving the way for Greater Sunrise development

In November 2024, Timor-Leste and Australia finalized a landmark agreement, resolving long-standing issues that had delayed the development of the Greater Sunrise gas field for decades. This pivotal deal establishes a collaborative framework between the two nations and addresses key decisions crucial for the project's advancement.

One of the central outcomes of the agreement is the revised revenue-sharing model. Timor-Leste will now receive a larger share of the project's profits, reflecting the gas field's geographical proximity to its shores. This increased allocation is expected to significantly bolster Timor-Leste's economy, reducing its reliance on revenues from the depleting Bayu-Undan field and providing a sustainable financial foundation for future development.

The agreement also addresses the contentious issue of the gas processing location. Timor-Leste has long advocated for processing on its territory to maximize economic benefits such as infrastructure development and job creation. On the other hand, Australia favors processing in Darwin, leveraging its established infrastructure to reduce costs and risks. An independent feasibility study initiated in 2024 will guide the final decision, and the results are expected to shape the project's economic and logistical direction.

Additionally, the agreement introduces a joint management framework to ensure effective oversight of the project. This framework addresses regulatory requirements, environmental concerns, and technical challenges, fostering cooperation between the two nations while adhering to international standards. The approach reflects a shared commitment to sustainable and responsible resource development.

Geopolitical considerations also play a significant role in the agreement. With China showing increasing interest in the region's natural resources, the deal is designed to maintain regional stability and prevent undue external influence. Both Timor-Leste and Australia aim to use the Greater Sunrise project to solidify their strategic positions within the Asia-Pacific energy landscape, ensuring that the development aligns with their broader economic and geopolitical goals.

Greater Sunrise and Timor-Leste's ASEAN aspirations

The Greater Sunrise project is not only a cornerstone of Timor-Leste's economic future but also a strategic tool in its aspiration to join the Association of Southeast Asian Nations (ASEAN). Timor-Leste has been pursuing full ASEAN membership since its independence in 2002, viewing the bloc as a vital platform for regional integration and development. By leveraging the economic and diplomatic potential of Greater Sunrise, Timor-Leste could strengthen its case for membership.

Greater Sunrise revenues could provide the resources needed to accelerate governance reforms, invest in infrastructure, and meet ASEAN's benchmarks for economic and human development. Moreover, the project demonstrates Timor-Leste's ability to manage complex bilateral and multilateral relationships, showcasing its readiness to contribute to ASEAN's principles of cooperation and consensus-building.

Additionally, Timor-Leste's emphasis on processing gas domestically aligns with ASEAN's focus on regional energy security. By positioning itself as a reliable supplier of natural gas to ASEAN markets, Timor-Leste could enhance its economic relevance within the region.

President Ramos-Horta has reiterated Timor-Leste's dedication to ASEAN's vision, emphasizing that the nation's integration into the bloc is a natural progression of its regional identity.

Timor-Leste's natural resources potential

Beyond Greater Sunrise, Timor-Leste is endowed with abundant natural resources, including oil, gas, and minerals. The Bayu-Undan field has been a cornerstone of the nation's hydrocarbon revenues, though it is nearing depletion. The country also possesses untapped mineral resources, such as gold and manganese, as well as fertile land for agriculture and fisheries. Efforts to diversify economic activities by leveraging these resources are underway, but significant investments in infrastructure and capacity-building are required to maximize their potential.